

In the United States Court of Federal Claims

No. 00-188T
(Filed: July 23, 2002)

STANDARD BRANDS LIQUIDATING
CREDITOR TRUST, *et al.*,

Plaintiffs,

v.

THE UNITED STATES,

Defendant.

Taxation; Income tax
deduction under section
172 for "specified liability
losses."

ERRATA

Please substitute the attached pages of the Opinion in the above-entitled case filed on July 19, 2002.

ERIC G. BRUGGINK
Judge

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Defendant.

Thomas F. Joyce, Chicago, Illinois, for the plaintiff Standard Brands
Liquidating Creditor Trust. With him on briefs were Michael Yentikoff, and David
F. Heroy, of counsel.

Rozella A. Oliver, Attorney, Court of Federal Claims Section, Tax
Division, U.S. Department of Justice, for the United States. With her on briefs
were Eileen J. O'Connor, Assistant Attorney General, Mildred L. Seidman, Chief,
Court of Federal Claims Section, and Stuart J. Bassin, Senior Trial Attorney, of
counsel.

OPINION

BRUGGINK, Judge

Pending in this income tax refund claim are plaintiffs' motion for summary
judgment and defendant's cross-motion for summary judgment. Oral argument
was held on July 16, 2002. The issue presented is the deductibility of certain
bankruptcy expenses as "specified liability losses" under 26 U.S.C. ("I.R.C.") §
172(b)(1)(C) (1994). For the reasons set out below, the government's cross-
motion is granted.

what the court would do were still unclear. The finality engendered by the orders of the bankruptcy court approving payment of the fees does not help plaintiffs here. If those orders constitute the “act” triggering liability, they are too recent in time to meet the three year requirement. *See* § 172(f)(1)(B)(i).

Ruling for the plaintiffs here would require giving the law an expansive reading—akin to the “in connection with” construction rejected elsewhere—that is inconsistent with the principle that deductions are considered matters of legislative grace and thus narrowly construed. *See Host Marriott*, 113 F. Supp. 2d at 792.

CONCLUSION

For the reasons stated above, the plaintiffs’ motion for summary judgment is denied and the government’s cross-motion for summary judgment is granted. Judgment accordingly. No costs.

ERIC G. BRUGGINK
Judge